



## **CITY OF ORLAND STAFF REPORT**

**MEETING DATE: October 15, 2024**

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**TO:** Honorable Mayor and City Councilmembers

**FROM:** Rebecca Webster, Director of Administrative Services/Assistant City Manager

**SUBJECT:** **Orland Apartments Loan Assumption (Action)**

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### **BACKGROUND:**

In 2008, the City of Orland entered into a regulatory agreement with Orland Apartments, L.P. under the HOME Investment Partnership Program. The City provided a \$1.5 million loan of HOME/CDBG funds to Orland Apartments, L.P. owners of Orland Apartments (817 Newport Ave) and Orland Senior Apartments (819 Newport Ave). These funds, which were used in part to renovate certain units, are dedicated to supporting low-income housing. In accordance with the agreement, the City is required to monitor the apartments annually in compliance with California Department of Housing and Community Development (HCD) standards. The agreement stipulates that the renovated units must continue to provide low-income housing for a period of 55 years.

When a property financed with HOME funds undergoes a change in ownership, the State requires the agency that provided the loan, approve the assumption of said loan. This involves vetting the prospective buyer to ensure ongoing compliance with State standards. Habitat for Humanity has requested the City's approval to assume the loan as they intend to purchase the property.

### **ANALYSIS:**

Habitat for Humanity has experience working with both subsidized housing and state-funded projects, including those supported by government programs such as the Community Development Block Grant (CDBG) program. Most recently, they utilized Project Homekey funds from HCD to construct Purpose Place Apartments in Orland, an affordable, permanent supportive housing development aimed at serving low-income residents. This demonstrates their ability to manage state-supported projects and their involvement in addressing affordable housing needs within the community.

### **RECOMMENDATION:**

Approve the assumption of the loan by Habitat for Humanity.

### **FISCAL IMPACT OF RECOMMENDATION:**

None